

Message Text

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C O N F I D E N T I A L MOSCOW 1403

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TAGS: PFOR, ABLD, AFSP, UR, US

SUBJECT: NEW EMBASSY COMPLEX

REF: MOSCOW 115, 75 STATE 276944, 75 STATE 289618, 75 MOSCOW
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SUMMARY. NEGOTIATIONS HAVE BOGGED DOWN TO FIND A U.S./SOVIET
UNDERSTANDING ON INTERIM STEPS UNTIL CONSTRUCTION CAN BEGIN ON
OUR RESEPECTIVE CHANCERIES. THE OUTSTANDING ISSUES ARE REVIEWED
IN THIS MESSAGE AND PROPOSALS MADE FOR THE DEPARTMENT'S APPROVAL.

1. THERE HAS BEEN LITTLE MOVEMENT IN NEW EMBASSY COMPLEX
NEGOTIATIONS SINCE AMBASSADOR STOESSEL'S DECEMBER 9 DISCUSSION
WITH MFA DEPUTY MINISTER KORNIYENKO AND THE EMBASSY OFFICERS'
MEETING WITH ACTING UPDK DIRECTOR VORONIN ON JANUARY 5. DURING
SECRETARY'S RECENT VISIT SOVIET OFFICIALS ACTIVELY SOUGHT
OPPORTUNITIES TO PRESS US FOR ACTION. THE EMBASSY IS NOW
PROPOSING A REVIEW OF EACH OUTSTANDING ISSUE AND SEEKS THE
DEPARTMENT'S APPROVAL TO TRY TO GET NEGOTIATIONS MOVING
AGAIN.

2. U.S. RETENTION OF THE PRESENT CHANCERY. THE SOVIET
POSITION IS THAT U.S. RETENTION OF THE PRESENT CHANCERY WOULD
"REQUIRE REVISION OF THE US/SOVIET AGREEMENT". THEY ARGUE THAT
THE CURRENT EMBASSY BUILDING BELONGS TO THE MOSCOW CITY COUNCIL
(MOSSOVIET) AND MUST BE RETURNED IN ACCORDANCE WITH ARTICLE IX OF
THE 1969 US/SOVIET AGREEMENT. IT IS THE EMBASSY'S OPINION
THAT THE SOVIETS ARE NOT PREPARED TO MAKE ANY CONCESSIONS TO US
ON RETENTION OF THE PRESENT CHANCERY AND THAT THEY ARE ON STRONG
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GROUND UNDER THE TERMS OF 1969 AGREEMENT. IN OUR OPINION THIS

PROPOSAL SHOULD BE DROPPED AT AN APPROPRIATE TIME.

3. HOUSING. ALTHOUGH VORONIN HAS SPECIFICALLY DENIED THAT THE SOVIETS ARE LINKING THE EMBASSY'S OUTSTANDING REQUEST FOR 20 ADDITIONAL APARTMENTS IN FY 1976 AND 77, THE FACT REMAINS THAT THUS FAR IN FY-76 THE SOVIETS HAVE TURNED OVER TO US ONE NEW APARTMENT. THE EIGHT APARTMENTS PROMISED IN SEPTEMBER, 1975 FOR DELIVERY AT THE END OF NOVEMBER, 1975 HAVE NOT BEEN PRODUCED. THE SOVIETS NOW SAY THESE EIGHT APARTMENTS WILL BE PROVIDED NEXT MONTH. AS INDICATED BY KORNIYENKO IN OCTOBER (MOSCOW 15088) IT SEEMS LIKELY THAT THE SOVIETS MAY USE HOUSING AS A MEANS OF INDUCING CONCESSIONS ON OUR PART. AT THE MOMENT THE EMBASSY HOUSING SITUATION IS EXTREMELY TIGHT AND UNLESS THE EIGHT APARTMENTS ARE PRODUCED BEFORE THE END OF MARCH, 1976, IT IS LIKELY THAT WE WILL HAVE TO POSTPONE THE ARRIVAL THIS SUMMER OF SEVERAL OFFICERS. ALTHOUGH VORONIN STATED (MOSCOW 115) THAT THE EMBASSY'S REQUEST FOR ADDITIONAL HOUSING IS "SOLVABLE", BUT IT APPEARS TO US THAT THE SOVIETS INTEND TO USE THE EMBASSY'S TIGHT HOUSING SITUATION HERE TO WRING OUT CONCESSIONS IN WASHINGTON. WE REGARD PROVISION OF ADDITIONAL APARTMENTS AS ESSENTIAL ITEM IN OUR NEGOTIATIONS.

4. AN INCREASE IN THE ELECTRICAL POWER SERVICE. IN SPITE OF REPEATED REQUESTS FOR AN INCREASE IN THE ELECTRICAL SERVICE FOR THE EMBASSY COMPLEX, THERE HAS BEEN NO ACTION ON THIS REQUEST DURING THE LAST FIVE MONTHS. THE EMBASSY'S ELECTRICAL POWER SITUATION WILL BECOME MORE DIFFICULT WITH THE RETURN OF WARM WEATHER IN THE LATE SPRING AND IT WILL BE NECESSARY TO INSTITUTE TOUGH, RESTRICTIVE MEASURES TO PROTECT THE PROPER FUNCTIONING OF ESSENTIAL ELECTRICAL EQUIPMENT. CLEARLY THE SOVIETS CAN PROVIDE EXPANDED ELECTRICAL SERVICE IF THEY WISH. WE BELIEVE THIS ITEM IS ESSENTIAL.

5. ADDITIONAL RECREATIONAL AREA. ALTHOUGH THE SOVIETS APPEAR TO BE SEARCHING FOR ADDITIONAL RECREATIONAL FACILITIES, AS REQUESTED BY EMBASSY LAST SUMMER, THEY HAVE NOT YET MADE ANY OFFER. WE REGARD THIS ITEM AS EXTREMELY DESIRABLE, BUT NOT ABSOLUTELY ESSENTIAL TO THE OPERATIONS OF THE EMBASSY IN THE NEXT FEW YEARS.

6. DIRECT ACCESS TO THE NEW COMPLEX SITE. AS INDICATED IN
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MOSCOW 115 THE SOVIETS SEEM PREPARED TO MAKE CONCESSIONS ON ACCESS TO THE EMBASSY SITE, PARTICULARLY IF WE ARE WILLING TO ACCEPT LESS THAN DIRECT ACCESS FROM REAR OF PRESENT EMBASSY. WE REGARD THIS ITEM AS VERY DESIRABLE, BUT NOT ABSOLUTELY ESSENTIAL.

7. PROVISIONS OF ADEQUATE STORAGE SPACE. THE SOVIETS SEEM PREPARED TO MAKE SMALL CONCESSIONS ON THIS ITEM AND WOULD, WE THINK, IF PRESSED HARD PROVIDED ADDITIONAL STORAGE SPACE AT

REASONABLE COST. WE REGARD THIS ITEM AS ESSENTIAL. THE NEED FOR ADDITIONAL SPACE WILL GROW MORE CRITICAL AS WE MOVE TOWARD CONSTRUCTION PHASE OF THE CHANCERY.

8. NEW SPACE FOR ANGLO-AMERICAN SCHOOL. THERE IS LITTLE DOUBT THAT PRESENT CONVERTED RESIDENCES WHICH HOUSE THE ANGLO-AMERICAN SCHOOL ARE INAPPROPRIATE, OVERCROWDED AND AS NOTED BY SOVIET FIRE INSPECTION AUTHORITIES CAN NOT BE MADE TO CONFORM TO SOVIET FIRE STANDARDS. ALTHOUGH UPDK CLAIMS NEW SCHOOL SPACE IS AVAILABLE, THIS IS AN ESSENTIAL ITEM. IT WILL BE DIFFICULT FOR SOVIETS TO PROVIDE NEW AND ADEQUATE SCHOOL SPACE, BUT IT SEEMS TO US THERE IS LITTLE CHOICE BUT TO PRESS THIS ISSUE HARD. THE PLANNED SCHOOL SPACE IN NEW EMBASSY COMPLEX IS AT LEAST FIVE YEARS AWAY AND PROBABLY MORE. IN THE INTERIM IT IS ESSENTIAL THAT WE FIND SAFE SCHOOL SPACE FOR A STEADY GROWING NUMBER OF EMBASSY CHILDREN.

9. CONSTRUCTION COSTS. MOSCOW'S 115 DESCRIBES IN DETAIL THE PRESENT SOVIET POSITION ON CONSTRUCTION COSTS. THEY HAVE GIVEN US AN ESTIMATE OF 150-200 PER CUBIC METER RANGE AND HAVE TAKEN THE POSITION THAT THIS SPREAD CAN BE NARROWED ONLY IF WE PROVIDE MORE DETAILS AND SPECIFICS OF OUR CONSTRUCTION PLANS. THERE IS UNDOUBTEDLY CONSIDERABLE LOGIC IN THE SOVIET POSITION AND UP TO NOW WE HAVE BEEN UNABLE TO PROVIDE THE ADDITIONAL INFORMATION. WE BELIEVE THAT THE SOVIETS ARE INDICATING A DESIRE TO BE COOPERATIVE ON THE COSTS ISSUE. THE STATEMENT BY VORONIN THAT UPDK WILL NOT BE CHARGING US ITS USUAL 10 PERCENT FEE IS ONE EXAMPLE OF SOVIET WILLINGNESS TO NEGOTIATE SERIOUSLY ON COSTS.

10. WE, HOWEVER, ARE NOT IN A POSITION TO PURSUE THE CONSTRUCTION COST NEGOTIATIONS IN DETAIL. IN THE MEANTIME THE SOVIETS SUSPECT WE ARE USING DELAYING TACTICS, SO THAT WE CAN CATCH UP WITH OUR OWN BUILDING PLANS. IT SEEMS LIKELY THAT THE SOVIETS

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ARE NOW DELAYING SOME OR ALL OF OUR REQUESTS IN ORDER TO INCREASE PRESSURE ON US. UNLESS WE CAN FIND SOME MEANS TO COME TO GRIPS WITH THE CONSTRUCTION COSTS ISSUE IT APPEARS THAT NEGOTIATIONS FOR AN INTERIM UNDERSTANDING WILL REMAIN STALLED.

11. IN AN ATTEMPT TO FIND A WAYOUT OF THIS DEILEMMA WE SUGGEST THE DEPARTMENT DEVELOP ON AN URGENT BASIS SPECIFIC "PACKAGES" ALONG LINES MOSCOW 115 PARA 9, I.E., EXCAVATION, FOUNDATION, ETC. WITH TENTATIVE BREAKDOWN US-SUPPLIED COMPONENTS. ALTERNATIVELY THE DEPARTMENT MAY BE ABLE TO DEVELOP BASE LINES BY ANALYSING THE CONSTRUCTION COST DATA WHICH COVERS FEES CHARGED TO SOVIET ORGANIZATIONS AND COOPERATIVES. SUCH INFORMATION IS AVAILABLE IN NUMEROUS BOOKS AND ONE EXAMPLE IS SOBORNİK #11, "UNIFORM COST TABLES FOR CONSTRUCTION WORK, REINFORCED CONCRETE AND CONCRETE CONSTRUCTION" PUBLISHED IN MOSCOW IN 1971 IN THE NAME OF THE STATE

COMMITTEE FOR CONSTRUCTION OF THE USSR SOVIET OF MINISTERS (GOSSTROI, USSR). THIS BOOK AND SIMILAR ONES GIVE COSTS FOR SUCH ITEMS AS LAYING BEAMS AND MAKING COLUMNS. PERHAPS THE COMMERCE DEPARTMENT OR A UNIVERSITY HAS OR COULD ANALYZE SUCH PUBLICATIONS TO DEVELOP USEFUL AND VERIFIABLE COSTS FOR COMPARISON DURING NEGOTIATIONS WITH THE SOVIETS.

12. IN SUM UNLESS WE CAN FIND A MEANS TO NEGOTIATE MEANINGFULLY ON CONSTRUCTION COSTS, IT SEEMS LIKELY THAT ISSUE WILL BOG DOWN OUR NEGOTIATIONS AND OTHER REQUESTS. MOREOVER, IT WILL TEND TO CONFIRM THE SOVIET SUSPICION THAT WE ARE STALLING WHICH IN TURN WILL REDUCE THEIR COOPERATION STILL FURTHER.
STOESSEL

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